

UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL FUELS

US Department of Energy

NOV - 4 2005

Electricity, Delivery and Energy Reliability

Direct Energy Marketing, Inc. )

Docket No. EA-280-A

**APPLICATION OF DIRECT ENERGY MARKETING INC. FOR RENEWAL  
OF AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA  
AND REQUEST FOR EXPEDITED TREATMENT**

Direct Energy Marketing Inc. (DEMI or Applicant), pursuant to Section 202(e) of the Federal Power Act, 16 U.S.C. 824a(e), and the Department of Energy regulations contained in 10 C.F.R. § 205.300, et seq., hereby files its application to renew its blanket authority to transmit electric energy from the United States to Canada, for a term of an additional five years effective November 6, 2005. As discussed below, DEMI respectfully requests expedited action on this application.

**I. DESCRIPTION OF APPLICANT**

The exact legal name of the Applicant is Direct Energy Marketing Inc. DEMI is a Delaware corporation having its principal place of business at 263 Tresser Blvd., 9th Floor, Stamford, CT 06901. In Order No. EA-280, FE Docket No. EA-280, issued on November 5, 2003, the Department of Energy (DOE) authorized DEMI to export electric energy to Canada for a period of two years. DEMI is also authorized by the Federal Energy Regulatory Commission to sell electricity at wholesale at market-based rates.<sup>1</sup>

DEMI is wholly owned by Centrica US Holdings Inc., an indirect, wholly-owned subsidiary of Centrica plc (Centrica). Centrica is a publicly traded company and major supplier of energy and telecommunications in the United Kingdom. Centrica, through its affiliates, serves

<sup>1</sup> *Direct Energy Marketing Inc.*, FERC Docket No. ER03-1088-000 (letter order dated Aug. 13, 2000).

over 15 million natural gas and power customers in the United Kingdom. Neither DEMI nor any of its affiliates owns or controls any electric generation facilities in any wholesale market in interstate commerce.<sup>2</sup> Neither DEMI nor any of its affiliates owns or control transmission facilities or has an electric franchised service territory or captive wholesale or retail customers. Affiliates of DEMI provide retail energy services on a competitive basis in the United States and Canada.

## **II. COMMUNICATIONS**

All service and correspondence concerning this application should be sent to:

James D. Steffes  
Vice President, Government Affairs and  
Regulatory Affairs  
Direct Energy, L.P.  
12 Greenway Plaza, Suite 600  
Houston, TX 77046  
Tel. (713) 877-3818  
Fax (713) 877-3552  
Email [james.steffes@directenergy.com](mailto:james.steffes@directenergy.com)

Douglas W. Smith  
Vincenzo Franco  
Van Ness Feldman, P.C.  
1050 Thomas Jefferson St., N.W.  
Seventh Floor  
Washington, D.C. 20007-3877  
Tel. (202) 298-1800  
Fax (202) 338-2416  
Email [dws@vnf.com](mailto:dws@vnf.com)  
[vbf@vnf.com](mailto:vbf@vnf.com)

## **III. JURISDICTION**

Pursuant to section 202(e) of the FPA, DOE has jurisdiction over the action to be taken in this application. No other known federal, state or local government has jurisdiction over the action to be taken in this application.

## **IV. RENEWAL AUTHORIZATION AND TECHNICAL DISCUSSION**

By this application, DEMI seeks authorization to continue to transmit electric energy to Canada as a power marketer.

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<sup>2</sup> In the Electric Reliability Council of Texas, Inc. (ERCOT), Direct Energy's affiliates own two natural gas-fired generating facilities, but neither Direct Energy nor any of its affiliates has transmission rights that would allow the export of electricity from ERCOT into any wholesale market in interstate commerce.

DEMI respectfully requests that the renewal of its export authorization be effective for a term of five years.

Because neither DEMI nor any of its affiliates own or control electric generation or transmission facilities in any wholesale market in interstate commerce, neither DEMI nor its affiliates have a power supply system of their own on which DEMI's exports of power could have a reliability, fuel use or system stability impact. DEMI will purchase the power to be exported from electric utilities and federal power marketing agencies pursuant to voluntary agreements. By definition, such power is surplus to the system of the generator and, thus, the electric power that DEMI will export on either a firm or interruptible basis will not impair the sufficiency of the electric power supply within the United States. Moreover, DEMI's exports of electric energy to Canada will not impede or tend to impede the regional coordination of electric utility planning or operations.

DEMI will make all necessary commercial arrangements and will obtain any and all other regulatory approvals required in order to effect any power exports. All of the electricity exported by DEMI will be transmitted pursuant to arrangements with utilities that own and operate existing transmission facilities and will be consistent with the export limitations and other terms and conditions contained in the existing Presidential Permits and electricity export authorizations associated with those facilities. DEMI will comply with the terms and conditions contained in the authorizations issued for these cross-border facilities as well as any other export limitations that DOE may deem appropriate, consistent with DOE's orders authorizing exports of electric energy by power marketers.

DEMI will schedule each transaction with the appropriate control area in compliance with the reliability criteria, standards, and guidelines of the North America Electric Reliability Council (NERC) and its member regional councils, or any Electric Reliability Organization in



existence at the time of export. DEMI will obtain all necessary transmission access over the existing facilities listed in Exhibit C<sup>3</sup> for its exports and will comply with all applicable statutes and implementing rules, regulations, and orders of DOE and FERC. The controls inherent in any transaction that complies with NERC requirements and DOE export limits on the transmission facilities listed in Exhibit C are sufficient to ensure that exports by DEMI will not impede the coordinated use of transmission facilities within the meaning of section 202(e) of the FPA.

As noted in Order No. EA-102,<sup>4</sup> DOE may utilize the reliability analyses performed in other export authorization proceedings for the transmission facilities listed in Exhibit C in order to make the findings required for the renewal of export authority to DEMI. Because the proposed exports will take place over existing international transmission lines, DEMI submits that the requested authorization does not require the preparation of an environmental impact statement or an environmental assessment pursuant to the National Environmental Policy Act of 1969.

## **V. PROCEDURES**

This application is consistent with the North American Free Trade Agreement and U.S. energy policy, and will foster development of a more efficient and competitive North American energy market. DEMI requests authority for export transactions through specified border facilities even though specific transactions may not yet have been negotiated. DOE has granted export authority to similarly situated power marketers and DEMI agrees to abide by the general conditions set forth in DOE's prior orders authorizing power marketers to export power.<sup>5</sup>

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<sup>3</sup> The location, voltage, owner, and the Presidential Permits under which the relevant border transmission facilities were constructed and are maintained are also set forth in Exhibit C.

<sup>4</sup> *Enron Power Marketing Inc.*, FE Docket No. EA-102 (February 6, 1996).

<sup>5</sup> See, e.g., *Coral Power, L.L.C.*, FE Docket No. EA-212 (August 26, 2002).

## **VI. REQUEST FOR EXPEDITED TREATMENT**

DEMI respectfully requests expedited treatment of this application. DEMI's existing authorization is due to terminate on November 5, 2005. Due to changes in personnel, however, this impending termination was only recently discovered. DEMI requests expedited consideration of this application and an effective date of November 6, 2005 for the renewal of its authorization in order to minimize the disruption of its continued electricity trade with Canadian interests.

## **VII. EXHIBITS AND ATTACHMENTS**

The signed Verification of William Cronin is attached to this Application.

In accordance with 10 C.F. R. § 205.303, the following exhibits are attached hereto and made part hereof:

|           |   |
|-----------|---|
| Exhibit A | Not applicable                                      |
| Exhibit B | Legal Opinion                                       |
| Exhibit C | Transmission Facilities (Submitted in lieu of Maps) |
| Exhibit D | Not Applicable                                      |
| Exhibit E | Not applicable                                      |
| Exhibit F | Not Applicable                                      |

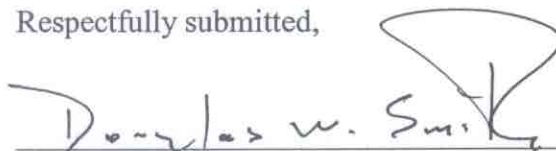
Pursuant to the requirement of 10 C.F.R. § 205.309, a copy of this Application is being provided to:

Federal Energy Regulatory Commission  
Office of the Secretary  
888 First Street, N.E.  
Washington, DC 20426

## VIII. CONCLUSION

In consideration of the foregoing, DEMI respectfully requests expeditious approval of this application for the renewal of its authorization to export electric energy to Canada for a term of five years.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Douglas W. Smith". The signature is written in a cursive style with a large, stylized "S" at the end.

Douglas W. Smith

Vincenzo Franco

Van Ness Feldman, P.C.

1050 Thomas Jefferson St., N.W.

Washington, D.C. 20007

(202) 298-1800

(202) 338-2416 (fax)

Attorneys for Direct Energy Marketing Inc.

Dated: November 4, 2005

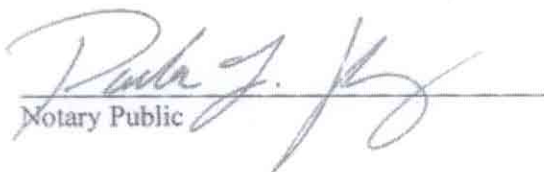
VERIFICATION

STATE OF CONNECTICUT     )  
  ) ss:  
COUNTY OF FAIRFIELD     )

Willam Cronin, being duly sworn, states that he is the Executive Vice President and Chief Operations Officer of Direct Energy Marketing Inc.; that he is authorized to execute this Verification; that he has read the above and foregoing document and is familiar with the contents thereof; and that all allegations of fact therein contained are true and correct to the best of his knowledge and belief.

  
[NAME]

Sworn to me this 2 day  
of November, 2005.

  
Notary Public



PAULA L. JELLY  
NOTARY PUBLIC  
STATE OF CONNECTICUT  
Com. Expires 4-30-08

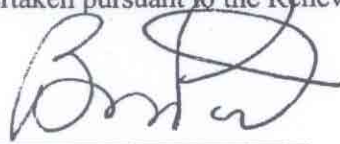
## **Exhibit B**



### Legal Opinion

I, Brandon Parent, the Senior Legal Counsel and Assistant Secretary of Direct Energy Marketing Inc. (the "Corporation"), hereby certify on behalf of the Corporation and without personal liability in support of the Application of Direct Energy Marketing Inc. for Renewal of Authorization to Transmit Electric Energy to Canada and Request for Expedited Treatment (the "Renewal") dated November 2, 2005, that:

- (1) The Corporation is duly incorporated and validly existing under the corporate laws of the state of Delaware;
- (2) The Corporation has the corporate capacity to act in the manner described in the Renewal;
- (3) To the best of my knowledge and belief, the Corporation and its officers and directors have complied with all pertinent federal and state laws related to the actions to be undertaken pursuant to the Renewal.



Brandon Parent  
Senior Legal Counsel and Assistant  
Secretary

Date: November 3, 2005

## **Exhibit C**

## CROSS-BORDER TRANSMISSION FACILITIES

| <u>Permittee</u>                        | <u>Location</u>          | <u>Voltage</u> | <u>Presidential<br/>Permit<br/>Number</u> |
|---|--------------------------|----------------|---|
| Basin Electric Power Coop.              | Tioga, ND                | 230 kV         | PP-64                                     |
| Boise Cascade Corp.                     | International Falls, MN  |                |   |
| Bonneville Power Admin.                 | Blaine, WA               | 2/500 kV       | PP-10                                     |
|   | Nelway, BC               | 230 kV         | PP-36<br>PP-46                            |
| Central Maine Power Company             | Colburn Gore, ME         |                |   |
| Citizens United Company                 | Lake Memphremagog,<br>VT |                |   |
|   | Derby Line, VT           | 120 kV         | PP-66                                     |
| Detroit Edison Co.                      | Detroit, MI              | 230 kV         | PP-21                                     |
|   | Maryville, MI            | 230 kV         | PP-21                                     |
|   | St. Clair, MI            | 345 kV         | PP-38, PP-58                              |
|   | Waterman, MI             |                |   |
| Eastern Main Electric Cooperative       | Calais, ME               | 69 kV          | PP-32                                     |
|   | Forest City, MY          |                |   |
| Fraser Companies, Ltd.                  | Madawaska, ME            |                |   |
| Glacier Electric Coop.                  | Carway, MT               |                |   |
|   | Del Bonita, MT           |                |   |
| Hill County Electric Coop.              | Wildhorse, MT            |                |   |
| Joint Owners of the Highgate<br>Project | Franklin, VT             | 345 kV         | PP-82                                     |
|   | Highgate, VT             |                |   |
| Long Sault Inc.                         | Massena, NY              | 2-115 kV       | PP-24                                     |
| Maine Electric Power Co.                | Houlton, ME              | 345 kV         | PP-43                                     |
| Maine Public Service Co.                | Aroostock County, ME     | 138 kV         | PP-29                                     |
|   | Eastern Township, ME     |                |   |
|   | Fort Fairfield, ME       | 69 kV          | PP-12                                     |
|   | Limestone, ME            | 69 kV          | PP-12                                     |
|   | Madawaska, ME            | 2-69 kV        | PP-29                                     |
| Marias River Electric Coop.             | Sweetgrass, MT           |                |   |
| Minnesota Power and Light Co.           | Roseau County, MN        | 230 kV         | PP-61                                     |

|   |   |              |         |
|---|---|--------------|---------|
| Minnkota Power Coop.                    | International Falls, MN                         | 115 kV       | PP-78   |
|   | Pembina, ND                                     |              |         |
|   | Norwest Angle State Forest Reserve, MN          |              |         |
| New York Power Authority                | Roseau Co, MN                                   | 230 kV       | PP-61   |
|   | Devil's Hole, NY                                | 230 kV       | PP-30   |
|   | Fort Covington, NY                              | 765 kV       | PP-56   |
|   | Massena, NY                                     | 2-230 kV     | PP-25   |
| Niagara Mohawk Power Co.                | Niagara Falls, NY                               | 2-345 kV     | PP-74   |
|   | Buffalo, NY                                     | 2-38 kV      | PP-31   |
|   | Devil's Hole, NY                                | 230 kV       | PP-31   |
|   | Ft. Erie, NY                                    |              |         |
|   | Hogansburg-St. Regis, NY                        |              |         |
| North Central Electric Coop., Inc.      | Queenstown, NY                                  | 2-69 kV      | PP-29   |
|   | Rainbow Bridge, NY                              |              |         |
|   | International Peace Garden                      |              |         |
| Northern Electric Coop., Inc.           | Opheim, MT                                      |              |         |
| Northern States Power Co.               | Pembina, ND                                     |              |         |
|   | Red River, ND                                   | 230 kV       | PP-45-1 |
|   | Roseau County, MN                               | 500 kV       | PP-63   |
| P.U.D. No. 1 of Pend Oreille County, WA | Nelway, WA                                      |              |         |
| Puget Sound Power and Light Co.         | Point Roberts, WA                               |              |         |
|   | Lake of the Woods, MN                           |              |         |
|   | Roseau County, MN                               |              |         |
| St. Clair Tunnel Co.                    | Port Huron, MI                                  |              |         |
| Vermont Electric Cooperative            | Derby Line, VT                                  |              |         |
| Vermont Electric Transmission Co.       | Norton, VT                                      | 450 kV<br>DC | PP-76   |
|   | Sandy Pond to Milbury #3 Substation             | 345 kV       | PP-76   |
|   | Milbury #3 Substation to West Medway Substation | 345 kV       | PP-76   |
|   |   |              |         |
|   |   |              |         |
| Washington Water Power                  | Northport, WA                                   | 230 kV       | PP-86   |